UNITED
NATIONS

Framework Convention
on Climate Change

Distr.
GENERAL

FCCC/SBI/2000/10/Add.1
3 October 2000

Original: ENGLISH

SUBSIDIARY BODY FOR IMPLEMENTATION

REPORT OF THE SUBSIDIARY BODY FOR IMPLEMENTATION ON THE WORK OF ITS THIRTEENTH SESSION (PART I) LYON, 11-15 SEPTEMBER 2000

Addendum

IMPLEMENTATION OF ARTICLE 4.8 AND 4.9 OF THE CONVENTION (DECISION 3/CP.3 AND ARTICLES 2.3 AND 3.14 OF THE KYOTO PROTOCOL[1]

MATTERS RELATING TO ARTICLE 3.14 OF THE KYOTO PROTOCOL[2]

[Draft decision(s)

[Draft decision -/CP.6]

Implementation of Article 4.8 and 4.9 of the Convention (decision 3/CP.3 and Articles 2.3 and 3.14 of the Kyoto Protocol)

Matters relating to Article 3.14 of the Kyoto Protocol

Preambular paragraphs relating to Article 4.8 and 4.9 of the Convention:

The Conference of the Parties,

Determined to protect the climate system for present and future generations,

Reaffirming its commitment to achieving the ultimate objective of the Convention, as defined in Article 2 of the Convention,

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[1] This item was considered jointly with the Subsidiary Body for Scientific and Technological Advice at the first part of the thirteenth sessions, under agenda item 3.

[2] This item was considered jointly with the Subsidiary Body for Scientific and Technological Advice at the first part of the thirteenth sessions, under agenda item 4.

[*Recalling* its decision 11/CP.1, paragraph 1 (d) on policies, programme priorities and eligibility criteria regarding adaptation, particularly the matter of funding stages I, II and III [of implementation],]

Recalling also its decision 1/CP.4, paragraph 1 (c), on the implementation of Article 4.8 and 4.9 of the Convention (covering also Articles 2.3 and 3.14 of the Kyoto Protocol),

Recalling further its decisions 3/CP.3, 5/CP.4 and 12/CP.5,

Recognizing the specific needs and concerns of developing country Parties referred to in Article 4.8 of the Convention, and the specific needs and special situations of the least developed countries referred to in Article 4.9,

Recognizing further that low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought, and desertification, and developing countries with fragile mountainous ecosystems are particularly vulnerable to the adverse effects of climate change,

Recognizing the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken on limiting greenhouse gas emissions,

Reaffirming that Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof,

Reaffirming that the specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration,

Affirming that responses to climate change should be co-ordinated with social and economic development in an integrated manner with a view to avoiding adverse impacts on the latter, taking into full account the legitimate priority needs of developing countries for the achievement of sustained economic growth and eradication of poverty,

Acknowledging the efforts already made by Parties to meet the specific needs and concerns of developing country Parties, in particular the least developed countries, with regard to adaptation,

[*Acknowledging* the need to sensitize policy makers and the general public in non-Annex I countries to climate change and its effects, in accordance with Article 6 (a) of the Convention,]

Having considered the report,[3] in two parts, on the two workshops referred to in decision 12/CP.5,

Noting the [many persistent] uncertainties highlighted by those workshops, particularly in regard to the impact of response measures,

Acknowledging that the [adverse] impacts of response measures will differ significantly from country to country, depending on each country's unique national circumstances, including the structure of its economy, trade and investment flows, natural resource endowment, social system, legal regime, and population growth rate,

Preambular paragraphs relating to Article 3.14 of the Kyoto Protocol:

Determined to protect the climate system for present and future generations,

Having considered matters relating to Article 3.14 of the Kyoto Protocol,

Recalling [its decision 8/CP.4] [decision 8/CP.4 of the Conference of the Parties], particularly as it refers to decision 5/CP.4 [of the Conference of the Parties],

[*Recognizing* that decision -/CP.6 of the Conference of the Parties establishes an appropriate process for information gathering and exchange on issues relating to the adverse effects of climate change and/or the impact of response measures,]

Recognizing that developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration,

[*Noting* in particular the [request] [invitation] contained in decision -/CP.6 of the Conference of the Parties to the Intergovernmental Panel on Climate Change (IPCC) to prepare a special report on all aspects, including the methodological aspects related to impacts of response measures on developing countries, particularly the least developed countries,]

Recognizing the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken on limiting greenhouse gas emissions,

[*Recognizing* the [key] role that cost-effective and transparent flexibility mechanisms of the Kyoto Protocol could have in minimizing the impacts of response measures on non-Annex I Parties,]

[*Reaffirming* the environmental benefits of protecting and enhancing sinks and reservoirs of greenhouse gases, in accordance with Article 2.1(a)(ii) of the Kyoto Protocol, taking into account commitments under other relevant international environmental agreements,]

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[3] FCCC/SB/2000/2.

Reaffirming the importance of domestic policies and measures to reduce anthropogenic emissions of greenhouse gases in each Party included in Annex I, in minimizing the adverse effects of climate change,

Acknowledging the [need for] [role that can be played, by] the progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all greenhouse gas emitting sectors that run counter to the objective of the Convention and application of market instruments, in accordance with Article 2.1(a)(v) of the Kyoto Protocol,

I

ADVERSE EFFECTS OF CLIMATE CHANGE

Section A

1. *Asserts* the importance of a country-driven approach that allows developing countries to pursue the specific activities most appropriate to their unique national circumstances;

2. *Insists* that action related to adaptation follow [a thorough] [an] assessment and evaluation process, based on national communications and other relevant information, [or in the case of the least developed countries, other appropriate information,] so as to prevent maladaptation and to ensure that adaptation actions are environmentally sound and will produce real benefits in support of sustainable development [, taking into account the specific concerns of the least developed countries];

3. *Encourages* Parties not included in Annex I to the Convention (non-Annex I Parties) to provide information, including in their national communications, [and any other [relevant sources of information] [relevant reports], [or in the case of the least developed countries, other appropriate information,]] on their specific needs and concerns arising from the adverse effects of climate change;

4. *Stresses* the need for Parties included in Annex II to the Convention (Annex II Parties) to provide detailed information, [including] in their national communications, on support programmes to meet the specific needs and circumstances of developing country Parties arising from the adverse effects of climate change;

5. *Encourages* Parties to exchange information on their experience regarding the adverse effects of climate change and on measures to meet their needs arising from these adverse effects;

6. *Underlines* the importance of the ongoing work of the secretariat in compiling and disseminating information on methods and tools to evaluate impacts and adaptation strategies;

Section B

7. [*Encourages* Annex II Parties, bilaterally and/or in cooperation with international and/or multilateral organizations such as the Global Environment Facility, as appropriate, to continue to cooperate and to provide further financial and technological support for specific activities listed below, in accordance with the national circumstances and sustainable development priorities of

non-Annex I Parties, where these have been identified as mutual priorities for sustainable development assistance through established dialogues:]

[*Decides* that Annex II Parties shall provide developing country Parties with new, additional, and sufficient financial resources and technical support on a timely, ongoing basis for the activities listed below; these resources may be provided through new and existing financial and funding mechanisms, including the Global Environment Facility:]

(a) Information [needs] and [enhancing] methodologies:

(i) Improving data collection and information gathering, as well as the analysis, interpretation and dissemination to end-users;

(ii) Integrating climate change considerations into sustainable development planning;

(iii) Providing training in specialized fields relevant to adaptation such as climate and hydroclimate studies, geographical information systems, environmental impact assessment, modelling, integrated coastal zone management, soil and water conservation and soil restoration;

(iv) Strengthening existing [and, where needed, establishing] national and regional systematic observation and monitoring networks (sea level, climate and hydrological monitoring stations, fire hazards, land degradation, floods, cyclones and droughts);

(v) Strengthening existing [and, where needed, establishing] national and regional centres and institutions for the provision of research, training, education [and scientific and technical support in specialized fields relevant to climate change], utilizing information technology as much as possible;

(vi) Strengthening existing [and, where needed, establishing] national and regional research programmes on climate variability and climate change, oriented towards improving the knowledge of the climate system on the regional scale, and creating national and regional scientific capability;

(vii) Improving monitoring of diseases and vectors affected by climate change, and related forecasting and early-warning systems [, and improving disease control and prevention];

(viii) [[Increasing financial and technical support for] [Supporting] education, training and public awareness of climate change related issues, for example through workshops, and information dissemination;]

(b) Vulnerability and adaptation:

(i) Supporting enabling activities for vulnerability and adaptation assessment;

(ii) [Enhancing technical training for integrated climate change impact, vulnerability and adaptation assessments, across all sectors, and environmental management in relation to climate change;]

(iii) Enhancing [institutional] capacity to integrate adaptation into sustainable development programmes;

(iv) Promoting the transfer of adaptation technologies;

(v) [Establishing [projects or] demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits, [and can/may be integrated into national policy and sustainable development planning,] on the basis of information provided in the national communications from non-Annex I Parties, and other relevant sources, and of the staged approach endorsed by the Conference of the Parties (COP) in its decision 11/CP.1;]

(vi) [Implementing adaptation activities immediately where sufficient information is available to warrant such activities, particularly in the areas of water resources management, land management, agriculture, health, infrastructure development, ecosystems and integrated coastal zone management, and energy supply;]

(vii) [Supporting] [Providing additional financial and technical support for] [institutional] capacity-building for disaster [prevention,] preparedness and disaster management, including contingency planning for droughts and floods in areas prone to extreme weather events;

(viii) Strengthening existing [and, where needed, establishing] early warning systems for extreme weather events in an integrated and interdisciplinary manner to assist developing country Parties, in particular those most vulnerable to climate change;

(ix) [Strengthening existing [and, where needed, establishing] national and regional centres and information networks for rapid response to extreme weather events, utilizing information technology as much as possible;]

(x) [Establishing a disaster fund for climate-induced disaster relief for vulnerable developing countries under Article 4.8 and 4.9 of the Convention;]

[Further improving readiness for climate-induced disaster relief for vulnerable countries as well as non-climate related disaster relief;]

(c) Further multilateral work

(i) [Developing joint work with other conventions, such as the Convention to Combat Desertification, on areas of common interest, and addressing linkages to related decisions of the COP;]

[Conducting a workshop, organized by the secretariat, before [SB 14] [COP 7], on the possible synergies and joint action with the other multilateral environmental conventions and agreements such as the Convention to Combat Desertification, and reporting the results of this workshop to COP 7;]

(ii) Conducting a workshop, organized by the secretariat, before [SB 14] [COP 7], on insurance and risk assessment in the context of climate change and extreme weather events, and reporting the results of this workshop to COP 7;

8. [*Invites* the relevant international organizations to cooperate in promoting methodologies to distinguish climate change impacts from other impacts;]

9. [*Requests* the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI) to consider further, at their subsequent sessions, how to prioritize adaptation measures on a country by country basis;]

10. *Requests* the SBSTA and the SBI to review, at their subsequent sessions, the progress of the above-mentioned activities and make recommendations thereon to the COP at its [seventh] [eighth] session;

Section C

11. [*Decides* that Annex II Parties shall] [*Urges* [Annex II] Parties to] take actions to assist the least developed countries, which are the most vulnerable and have the lowest adaptive capacity, to reduce the impacts of adverse effects of climate change on their people. The following basic and fundamental activities must [commence at COP 6] [be addressed within a time-frame to be decided, and be consistent with national strategies for sustainable development]:

(a) Strengthening existing [and, where needed, establishing] national climate change [secretariats] [focal points] to enable effective implementation of the Convention including preparation of national communications and their regular update;

(b) Providing financial and technical support for vulnerability and integrated adaptation assessment, and developing an integrated adaptation programme;

(c) Capacity-building;

(d) Developing and implementing a public awareness programme to ensure dissemination of information on climate change issues;

(e) Providing support for the organization of a workshop before [xx] for the least developed countries in order to enable these Parties to continue to discuss their specific needs under the Convention;]

II

IMPACT OF THE IMPLEMENTATION OF RESPONSE MEASURES

12. [*Stresses* that Parties should take action consistent with the ultimate objective of the Convention;]

13. [*Decides* that, in order to minimize the impacts of response measures, Annex II Parties shall provide developing countries with new, additional and sufficient financial resources and technical support on a timely, [on-going] [continuing] basis for the activities listed below; these resources shall be provided through new and existing financial and funding mechanisms;]

Section A

14. *Encourages* non-Annex I Parties to provide information in their national communications and/or other relevant reports, on their specific needs and concerns arising from the implementation of response measures;

15. [*Encourages*] [*Decides* that] Annex II Parties [and other Parties who are in a position to do so] [to] [shall] provide detailed information, in their national communications and any other relevant reports, on their existing and planned support programmes to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures;

16. [*Reiterates*, as stated in decision 12/CP.5, sixth preambular paragraph, that the identification of initial actions needs "to be based on sufficient information and analysis within a clearly-defined process";]

17. [*Decides* that the above information should be provided and analysis conducted within the following clearly-defined process:

(a) First, methodologies for assessing, and case studies describing, the impact of response measures since the Convention entered into force must be developed in the following manner:

(i) Consistent with Article 4.8 of the Convention, these methodologies should provide for the separation of the impact of other unrelated policies and measures from that of policies and measures [undertaken] [applied] specifically to address climate change;

(ii) Where policies and measures are [undertaken] [applied] for multiple reasons, those methodologies should recommend means to determine what proportion of the policies and measures were [undertaken] [applied] for climate change mitigation purposes;

(iii) These methodologies should also disaggregate the effect of climate change policies and measures from that of other factors, such as technology development, macroeconomic variability, cultural or consumer changes, structural economic shifts, and exogenous changes in other markets, such as those for fuels;

(iv) The counterfactual scenario underlying any assessment of the impact of response measures should include any actions which developing countries could have taken to minimize the impact of response measures, focusing particularly on the time period since the Convention entered into force. The counterfactual scenario should include, *inter alia*, any trade or investment liberalization, structural adjustment or balance of payments stabilization plans agreed to with international financial institutions;

(v) These methodologies should also provide the means to assess the uncertainty surrounding the impacts of specific climate change response measures on specific countries;

(b) Using these methodologies, developing countries which believe that they have been harmed by the impacts of response measures should demonstrate via a formal reporting process, as a prerequisite to any further discussion of the impact of response measures, the actions that they have taken under Article 4.8 to reduce their vulnerability to response measures. These communications should include:

(i) The circumstances and the legal, economic and social structures that determine the country's vulnerability to response measures;

(ii) The specific climate policies and measures that have impacted on them, the extent of the impact, and the uncertainty surrounding the quantification of that impact. This information should be disaggregated from the effect of other policies and measures and other factors, such as technology development, macroeconomic variability, cultural or consumer changes, structural economic shifts, and exogenous changes in other markets, such as those for fuels;

(iii) An assessment of all other actions, including the promotion of self-diversification of economies and creation of an enabling environment for investment, that they have taken to minimize the impacts of response measures on themselves;

(iv) A description of gross and net revenue flows, showing net profits, and an indication of how these revenues were spent or saved to promote

diversification of economies or otherwise minimize the impact of response measures;

(c) When the methodologies for *post facto* assessment of the impact of response measures have been fully refined, the development of methodologies for assessing possible effects of alternative future response measures can begin. These methodologies should provide the means for assessing, *inter alia*:

(i) Impacts under a variety of assumptions regarding technology development and transfer;

(ii) Impacts under a variety of investment, trade and legal regimes;

(iii) Impacts under a variety of policy scenarios. These scenarios should incorporate different mixes of policies and measures that developing countries might take to minimize the impact of response measures on them. These scenarios should also incorporate different mixes of climate policies and measures that Annex I Parties might take;

(iv) The effect of policies and measures [undertaken] [applied] for climate change mitigation purposes disaggregated from those [undertaken] [applied] for other reasons;]

18. [*Invites* the Intergovernmental Panel on Climate Change to prepare a special report on all aspects related to the assessment of the impact of response measures on developing countries, particularly the least developed countries. In this report the Intergovernmental Panel on Climate Change should address the following methodological issues that are relevant to the assessment of the impacts on developing countries of response measures taken by Annex I Parties:

(a) Ways and means to separate the impact of policies and measures specifically [undertaken] [applied] to address climate change from the impact of other policies and measures;

(b) Ways and means to determine how the impact on developing countries of policies and measures specifically [undertaken] [applied] to address climate change can be separated from the effects of other factors such as technological advances, macroeconomic variability and domestic economic priorities, as well as exogenous changes in markets;

(c) Ways and means to determine how other actions taken by the developing countries themselves could reduce any impacts of response measures, including a historical perspective on how such actions have been taken in the past;

19. *Requests* the SBSTA, at its xx session, to consider the special report. The SBSTA should discuss the report in detail, giving full opportunity for Parties and interested organizations to comment. If Parties so decide, they could recommend the methodologies for adoption by the COP, and make decisions on the information to be provided by developing country Parties to demonstrate the adverse impact of response measures. Parties will also consider the provision of funding to assist developing countries in providing this information;

20. Using these methodologies, developing country Parties which believe that they have been harmed by the impact of response measures should, as an ongoing process, gather relevant domestic information and analyse such data with a view to demonstrating how they may have been harmed by the impacts of response measures. This information may be contained in their national communications or other reports, and should be reported to the COP, for consideration under the agenda item on the implementation of Article 4.8. The information should be presented in the manner decided by the COP in its decision on methodologies and information to be provided by developing country Parties. Appropriate consideration will be given to the least developed countries in determining ways and means for these Parties to contribute to these deliberations.

21. *Requests* the secretariat to provide the COP with a synthesis of the information received from the developing country Parties. On the basis of this synthesis and any further information received from Parties, the COP will give appropriate consideration to further action.]

22. [*Urges* non-Annex I Parties to take immediate action to create favourable conditions for investment in sectors where such investment can contribute to economic diversification, and to report on such action in their national communications;]

23. [*Requests* the SBSTA and the SBI to review, at their subsequent sessions, the progress of the above-mentioned activities [and to make recommendations thereon] [with a view to making recommendations] to [COP 7] [COP 8] [COP/MOP x];]

Section B

24. [*Decides* to establish a fund to provide financial resources and insurance to developing countries impacted by the implementation of response measures;]

25. [*Decides* that Annex II Parties shall meet the capacity-building needs of developing countries, in particular those most vulnerable to the adverse impacts of response measures, for the implementation of programmes which address these impacts;]

26. *Urges* Parties to consider appropriate technological options in addressing the impact of response measures, consistent with national priorities, and indigenous resources;

27. [*Encourages* Parties to cooperate in the technological development of non-energy and less greenhouse-gas-emitting uses of fossil fuels, and requests Annex II Parties to support developing country Parties to this end;]

28. *Encourages* Parties to [cooperate] [promote cooperation] in the development [, diffusion and transfer] of advanced technologies that [minimize emissions from fossil fuels] [and/or] [store carbon dioxide;] [remove carbon dioxide emissions, and requests Annex II Parties to facilitate the participation of the least developed countries and other non-Annex I Parties in this effort;]

29. [*Calls upon* Annex II Parties to provide financial and technological support for strengthening the capacity of developing countries identified in Article 4.8 and 4.9 of the Convention for improving efficiency in upstream and downstream activities relating to fossil fuels;]

30. [*Encourages* Annex II Parties to support the development and use, in developing country Parties, of indigenous, less greenhouse-gas emitting energy sources, that are environmentally safe and sound, according to the national circumstances of each of these Parties;]

[*Calls upon* Annex II Parties to strengthen the capacity of developing countries identified in Article 4.8 and 4.9 of the Convention for improving efficiency in the production, distribution and use of fossil fuels, *inter alia*, natural gas, through the provision of financial and technological support;]

31. [*Decides* that Annex II Parties shall provide support for] [*Urges* Annex II Parties to promote cooperation and] research into, and the development and use of, renewable energy, including solar and wind energy, in developing country Parties;

32. *Invites* [Annex II Parties to support the promotion of] [the subsidiary bodies to consider further the role of] economic diversification in developing countries;

33. *Requests* the SBSTA and the SBI to consider, at their subsequent sessions, the response by [Annex II] Parties to the actions listed in paragraphs [xx] above;

III

FURTHER MULTILATERAL WORK RELATED TO ISSUES UNDER ARTICLE 4.8 AND 4.9 OF THE CONVENTION

34. [*Requests* [Annex II Parties to provide funding for] [the secretariat to organize] regional workshops in order to facilitate information exchange and integrated assessments, including for adaptation and technology transfer;]

35. *Requests* the secretariat to organize a workshop [*when?*] on the status of modelling activities to assess the adverse effects of climate change[, and the impact of response measures already implemented,] on individual developing countries, including on how to enhance the participation of developing country experts in such efforts;

36. [*Requests* the secretariat to organize a workshop [*when?*] on the needs and options of non-Annex I Parties for economic diversification, and on support programmes by Annex II Parties to address these needs;]

37. *Requests* the secretariat to organize a workshop [*when?*] on insurance-related actions to address the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and from the impact of the implementation of response measures;

38. [*Requests* the secretariat to organize a workshop [*when?*] on the special issues of concern to landlocked developing countries;]

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xx. *Recommends* that the Conference of the Parties serving as the meeting of the Parties at its first session adopt the following decision.

[Draft decision -/[CMP].1]

[Matters relating to Article 3.14 of the Kyoto Protocol]

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Determined to protect the climate system for present and future generations,

Having considered matters relating to Article 3.14 of the Kyoto Protocol,

Recalling [its decision 8/CP.4] [decision 8/CP.4 of the Conference of the Parties], particularly as it refers to decision 5/CP.4 [of the Conference of the Parties],

[*Recognizing* that decision -/CP.6 of the Conference of the Parties establishes an appropriate process for information gathering and exchange on issues relating to the adverse effects of climate change and/or the impact of response measures,]

Recognizing that developing country Parties that would have to bear a disproportionate or abnormal burden under the Convention should be given full consideration,

[*Noting* in particular the [request] [invitation] contained in decision -/CP.6 of the Conference of the Parties to the Intergovernmental Panel on Climate Change (IPCC) to prepare a special report on all aspects, including the methodological aspects related to impacts of response measures on developing countries, particularly the least developed countries,]

Recognizing the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken on limiting greenhouse gas emissions,

[*Recognizing* the [key] role that cost-effective and transparent flexibility mechanisms of the Kyoto Protocol could have in minimizing the impacts of response measures on non-Annex I Parties,]

[*Reaffirming* the environmental benefits of protecting and enhancing sinks and reservoirs of greenhouse gases, in accordance with Article 2.1(a)(ii) of the Kyoto Protocol, taking into account commitments under other relevant international environmental agreements,]

Reaffirming the importance of domestic policies and measures to reduce anthropogenic emissions of greenhouse gases in each Party included in Annex I, in minimizing the adverse effects of climate change,

Acknowledging the [need for] [role that can be played, by] the progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in

all greenhouse gas emitting sectors that run counter to the objective of the Convention and application of market instruments, in accordance with Article 2.1(a)(v) of the Kyoto Protocol,

1. [*Decides* to establish a process that includes a programme of action to address matters related to Article 3.14 of the Kyoto Protocol, including information exchange and the development of methodologies related to the minimization of adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4.8 and 4.9 of the Convention, in all aspects, including methodologies related to the establishment of funding, insurance and transfer of technology;]

Section A

2. [*Invites* non-Annex I Parties to] [*Decides* that non-Annex I Parties shall] provide information in their national communications and [any] other reports, on their specific needs and concerns related to the minimization of adverse social, environmental and economic impacts on developing country Parties under Article 3.14 of the Kyoto Protocol;

3. [[*Invites* non-Annex I Parties to] [*Decides* that non-Annex I Parties shall] provide information on actions they have taken, and plan to take, to address their concerns;]

4. {[*Invites* Annex I Parties to] [*Decides* that Annex I Parties shall] provide information [, by [*date*], to the Conference of the Parties serving as the meeting of the Parties (COP/MOP) through the secretariat,] on their [intended] policies and measures, their impacts, and suggested ways to minimize these impacts;]

5. [[*Invites* Annex I Parties to] [*Decides* that Annex I Parties shall] provide information [, by [*date*], to the Conference of the Parties serving as the meeting of the Parties (COP/MOP) through the secretariat,] on, *inter alia*, progress on their reduction and phasing out of existing market imperfections, fiscal incentives, tax and duty incentives and subsidies in their energy sector, and on their plans to reduce or phase out such distortions];]

6. [*Affirms* that the consideration of actions under Article 3.14 to address the impact of response measures must be conditioned upon the actions taken by both developed and developing countries pursuant to Article 4.8 and 4.9 of the Convention;]

7. [*Decides* to develop guidelines to help determine if Annex I Parties are striving to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties, and in particular those identified in Article 4.8 and 4.9 of the Convention;]

8. [*Invites* the Intergovernmental Panel on Climate Change to prepare a technical paper on carbon capture and storage technologies, covering current and future options and possibilities, for consideration [by the subsidiary bodies at their [xx] sessions] [at its xth session];]

Section B

9. [[*Decides* that Annex I Parties shall] [*Invites* Annex I Parties to] [start to implement] [consider] the actions listed in subparagraphs (a) to (g) below, and shall report back in their national communications on their minimization efforts, by *[date]*:

(a) [Restructuring their tax systems to reflect the greenhouse gas content in all greenhouse gas emitting sectors, and removing subsidies;] [Removing subsidies on all greenhouse-gas emitting industries;] [Undertaking energy-price reform to reflect market prices and externalities, including greenhouse gas content;]

(b) [Discouraging the production of fossil fuels in Annex I Parties, and concentrating on domestic actions that will not negatively impact their fossil fuel imports from developing countries];

(c) [Discouraging the use of environmentally unsafe and unsound technologies, in particular nuclear energy, by reflecting their huge externalities, and ensuring that existing nuclear energy plants are constantly monitored to guarantee optimal safety;]

(d) [Removing the existing barriers (political and regulatory) to the use and import of oil, particularly in relation to the electricity sector;]

(e) [Encouraging a wider use of carbon dioxide reduction, and carbon capture and storage technologies;]]

10. [[*Decides* that Annex II Parties shall] [*Invites* Annex II Parties to] [start to implement] [consider] the actions listed in subparagraphs (a) to (g) below, and shall report back in their national communications on their minimization efforts, by *[date]*:

(a) [Assisting developing countries which are highly dependent on the export and consumption of fossil fuels in diversifying their economies;]

(b) [Providing prompt, adequate and just compensation to those developing countries adversely impacted by the implementation of response measures by Annex I Parties;]]

11. *Encourages* Annex I Parties to adopt policies and measures that will result in reductions in emissions of greenhouse gases, as an effective contribution to minimizing the adverse effects of climate change, and to provide information on these policies and measures in their national communications;

12. [*Decides*, on the basis of the output of the workshops referred to in this decision, and in accordance with Article 3.14 of the Kyoto Protocol, the relevant provisions of the Convention, and the general principles of international law, to consider issues related to compensation, funding, insurance and technology transfer, for proven adverse impacts of response measures on developing country Parties;]

13. [*Invites* oil producing and exporting Parties not included in Annex I to the Convention to consider setting up investment funds to promote economic diversification, and to undertake joint action aimed at minimizing any potential impacts of response measures on their economies, and to report progress made to the subsidiary bodies at their subsequent sessions;]

Section C

14. [*Requests* the secretariat to organize a workshop [*when?*] on methodological issues related to the [possible] [net] adverse impacts of response measures on developing country Parties under Article 3.14 of the Kyoto Protocol;]

15. [*Requests* the secretariat to organize a workshop [*when?*] on the choice of policies and measures that Annex I Parties intend to adopt to meet their commitments under the Kyoto Protocol, on how these may adversely impact developing countries under Article 3.14, and on ways to minimize these impacts;]

16. [*Requests* the SBSTA and the SBI, at their [xx] sessions, to [consider] [forward] the output of the workshops referred to in this decision, and to make recommendations thereon to [the COP/MOP] at its [xx] session.]]

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